

820 KAR 1:044. Bingo equipment.

RELATES TO: KRS 238.515(2), (9), 238.530, 238.545

STATUTORY AUTHORITY: KRS 238.515(2), (4), (9), 238.545(1)(b)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 238.515(9) authorizes the department to promulgate administrative regulations necessary to carry out the purposes and intent of KRS Chapter 238. KRS 238.515(2) authorizes the department to establish charitable gaming standards. KRS 238.545(1)(b) requires the department to promulgate an administrative regulation concerning use and control of card-minding devices. This administrative regulation establishes standards for the construction and distribution of bingo equipment including standards relative to card-minding devices.

Section 1. Selection and Display Devices. (1) Bingo ball machines and other selection devices, flashboards and other display devices, and other bingo equipment used in the selection and display of game numbers shall be made available for inspection or testing by the department at any reasonable time.

(2) Equipment referenced in subsection (1) of this section shall be designed to produce randomness and be free of any defects when used in a bingo game.

(3) An organization shall not use a selection or display device with a defect that was apparent at the beginning of the session. All bingo balls used in the machine or other device shall:

- (a) Be of the same size, shape, weight, and balance;
- (b) Have all other characteristics that control their selection the same; and
- (c) Be clean and free of defects.

Section 2. Card-minding Devices. (1) A card-minding device site system shall:

- (a) Be located at the gaming premises;
- (b) Be operated by the charitable organization;
- (c) Interface with, connect with, control, or define the operational parameters of the card-minding devices;
- (d) Report and transmit the game results as prescribed by the department;
- (e) Provide security and access levels sufficient so that the internal control objectives are met as prescribed by the department; and
- (f) Contain a point of sale station.

(2) The card-minding device site system may include the following components:

- (a) A caller verification system;
- (b) Required printers;
- (c) Modem;
- (d) Proprietary executable software;
- (e) Report generation software; and
- (f) An accounting system or database.

(2)(a) A card-minding device and associated site system shall not be sold, leased, or otherwise furnished to any person for use in the conduct of bingo until it has first been tested and certified by an independent testing facility accepted by the department, demonstrated to the department by the manufacturer if requested, and approved by the department.

(b) For a hand-held card-minding device, a device and software which is identical to the device and software intended to be sold, leased, or otherwise furnished to any person for use in the conduct of bingo shall be tested and approved.

(c) For a fixed-base card-minding device, a device which contains identical software to the fixed-based card-minding device intended to be sold, leased, or otherwise furnished shall be

tested and approved.

(3) The cost of testing and certification shall be the responsibility of the manufacturer.

(4) The independent testing facility shall certify in writing that the device and proprietary software conform to the restrictions and conditions set forth in this administrative regulation.

(5) Any modifications to a hand-held card-minding device, a fixed base card-minding device, or software, except as provided in subsection (8) of this section, shall be tested and certified by an independent testing facility, demonstrated to the department by the manufacturer if requested, and approved by the department in the same manner as a new device or new software. Testing and certification shall be at the manufacturer's expense.

(6)(a) The department, in consultation with the independent testing facility, shall determine if all proprietary software and card-minding devices required to be tested by this administrative regulation, as well as other components of card-minding device systems, conform to the requirements and restrictions contained in this administrative regulation and shall notify the manufacturer of its decision in writing.

(b) Once the department has received the test results from the independent testing facility, the department may request a demonstration of the product within thirty (30) days.

(c) The department shall either approve or disapprove the card-minding device and software. The department shall inform the manufacturer of its decision within thirty (30) days of the demonstration, or no later than sixty (60) days after the department receives the test results from the independent testing facility. Approval shall be granted in accordance with paragraph (a) of this subsection.

(7) A manufacturer may conduct routine maintenance activities and replace secondary components of a card-minding device system without prior department approval or additional testing as long as this activity does not affect the operation of any proprietary software or the manner in which a bingo game is played, the integrity of any critical or controlled software, or the outcome of a bingo game. A record of all activities shall be maintained and provided to the department within ten (10) days of the maintenance or replacement.

(8)(a) If a manufacturer, distributor, or charitable organization detects or discovers any defect, malfunction, or problem with a card-minding device system, card-minding device or software that affects the security or the integrity of the bingo game or the card-minding device or system, the manufacturer, distributor, or charitable organization shall immediately notify the department. The charitable organization shall also immediately notify the distributor of the defect, malfunction, or problem. The distributor shall immediately notify the manufacturer of the defect, malfunction, or problem.

(b) If the department detects, discovers, or is notified of any problem with a card-minding device system, card-minding device, or software that affects the security or the integrity of the bingo game or the card-minding device or system, the department shall direct the manufacturer, distributor, and charitable organization to immediately cease the sale, lease, or use of the affected card-minding device system, card-minding device, or software until the problem can be assessed by the department in consultation with the manufacturer or distributor.

(c) If the department, in consultation with the manufacturer or distributor, determines that a defect actually exists, and the defect affects game security or otherwise threatens public confidence in the game, the department shall require the manufacturer to issue a total recall of all affected card-minding device systems, card-minding devices, or software, if necessary.

(d) In choosing and directing a particular recall in accordance with paragraph (c) of this subsection, the department shall be guided in each circumstance by any combination of the following factors:

1. The nature of the defect;
2. Whether the defect affected game security;

3. Whether the defect affected game playability;
4. Whether the defect was limited to a specific number of bingo faces;
5. Whether the defect was easily detectable by a charitable organization;
6. Whether the defect was easily detectable by members of the general public;
7. Whether the defect threatens public confidence in the game; or
8. Whether the defect is capable of being used to adversely affect the fair play of the game.

(e) The manufacturer or distributor may correct the defect, if possible, without issuing a total recall if the affected card-minding devices and software are not offered for sale, lease, or use if and until the department allows. The manufacturer or distributor shall make all corrections within a reasonable time, not to exceed thirty (30) days, and the manufacturer or distributor shall demonstrate the correction to the department. If the department believes the defect has been corrected and that the defect no longer affects game security or otherwise threatens public confidence in the game, the department may issue written notification that the affected card-minding device system, devices, or software may be reoffered for sale, lease, or use.

(f) If a recall is necessary, the department, in consultation with the manufacturer, shall determine a specific date for the recall of any affected card-minding device system, card-minding device, or software to be completed and whether the manufacturer is required to reimburse the organization or distributor.

(9)(a) A distributor or charitable organization shall not add or remove any software programs to an approved card-minding device system without the permission of the manufacturer and the department.

(b) If the department detects or discovers a card-minding device system at a playing location that is using components or software that were required to have been approved by the manufacturer and the department but have not been approved, the card-minding device system shall be determined to have an unauthorized modification and the use of the system shall cease immediately.

Section 3. Requirements for the Manufacturer of Card-minding Device Systems. (1) A manufacturer of a card-minding device system shall manufacture each site system to include a point of sale station and an internal accounting system that is capable of recording the charitable organization's sale of all charitable gaming supplies.

(2)(a) A manufacturer of a card-minding device system shall ensure that the site system has internet capability, so that the department has the ability to remotely verify the operation, compliance, and internal accounting systems of the site system at any time. The department shall have real time and complete read-only access to all data for all systems and devices.

(b) The manufacturer shall provide to the department all current protocols, passwords, and any other required information needed to access the system prior to the operation of the system within Kentucky.

(c) The department shall be notified of any changes in the protocols, passwords, and any other required information needed to access the system at least three (3) days prior to the change.

(d) Any reports maintained or generated by the card-minding device system shall be capable of being downloaded or otherwise accessed via the internet by the department.

(3) A manufacturer of a card-minding device system shall manufacture each site system to ensure that an internal accounting system is capable of recording and retaining for a period of not less than twelve (12) months:

- (a) The serial number of each bingo face sold for card-minding device use;
- (b) The price of each face or package sold;
- (c) The total amount of the card-minding device sales for each session;

- (d) The total number of faces sold for use with card-minding devices for each session;
- (e) The serial number of each hand-held card-minding device sold; and
- (f) The terminal number or account number associated with each fixed base card-minding device sold.

(4)(a) The information referenced in subsection (3) of this section shall be secure and shall not be accessible for alteration during the session.

(b) The site system shall have report generation software with the capability to print all information required to be maintained on the site system's active or archived databases. The total sales activity report shall be completed in the format of Form CG-CMD.

(5) A manufacturer of a card-minding device system shall manufacture each site system to ensure that the applicable point of sale station is capable of printing a receipt for each sale or void of a card-minding device. The receipt shall include the following information:

- (a) The date and time of the transaction;
- (b) The dollar value of the transaction and quantity of associated products;
- (c) The sequential and consecutive transaction number;
- (d) The session in which the product was sold;
- (e) The serial number of each hand-held card-minding device sold; and
- (f) The terminal number or account number for each fixed base card-minding device sold.

(6) A card-minding device system may include player tracking software. Player tracking records shall at all times be the property of the charitable organization and neither the manufacturer nor the distributor shall utilize or make available to any person, other than the department or as otherwise authorized by law, the information contained within the player tracking software without the express permission of the charitable organization.

(7) A manufacturer of a card-minding device system shall manufacture each associated site system to include a caller station verifier that is able to verify winning cards and to print the cards for posting. The caller station verifier shall be capable of posting all balls called for verification purposes and printing an ordered list of the called balls.

(8)(a) Each card-minding device system shall employ sufficient security safeguards to allow verification that all proprietary software components are authentic copies of the approved software components and all functioning components of the card-minding device system are operating with identical copies of approved software programs.

(b) The system shall have sufficient security safeguards to ensure that any restrictions or requirements authorized by the department or any approved proprietary software are protected from alteration by unauthorized personnel.

(c) Examples of security measures that may be employed to comply with these provisions include the use of dongles, digital signature comparison hardware and software, secure boot loaders, encryption, and key and callback password systems.

(9) A manufacturer of a card-minding device system shall ensure that a card-minding device shall not allow any bingo cards or faces other than those verifiably purchased by the patron to be available for play.

(10) A manufacturer shall not display, use, or otherwise furnish a card-minding device which has in any manner been marked, defaced, or tampered with, or which is otherwise intended to deceive the public or affect a person's chances of winning.

(11) If the card-minding device system is capable of using radio frequency, it shall not be dual frequency.

(12) The card-minding device system shall provide password protection for each organization.

(13) The card-minding device system shall erase, deactivate, or render unplayable the electronic faces on each card-minding device prior to the next scheduled bingo occasion:

(a) Upon turning off the device after the last bingo game of the occasion has been played or upon placing the device into a charging unit; and

(b) By a secondary timing method established by the manufacturer.

(14) The card-minding device system shall ensure that the patron shall purchase additional electronic bingo faces at the site system and that additional faces shall not be purchased from the floor.

Section 4. Tracking by Manufacturer of Card-minding Device Systems. (1) Each manufacturer selling, leasing, or otherwise furnishing card-minding device systems shall maintain a single log or other record showing the following:

(a) The date of the transaction with the distributor;

(b) The model, version, and serial number of each hand-held card-minding device;

(c) The account number or terminal number of each fixed base card-minding device;

(d) The model and version number of the site system software; and

(e) The name and license number of the distributor to whom the card-minding device system was sold, leased, or otherwise furnished.

(2) A manufacturer selling, leasing, or otherwise providing a card-minding device system to a distributor shall provide the distributor with an invoice or other documentation that contains, at a minimum, the following information:

(a) The date of sale and the time period covered by the invoice;

(b) The quantity sold or leased; and

(c) The total invoice amount.

(3) The manufacturer shall maintain physical or electronic copies of the documentation required by this section for a period of thirty-six (36) months.

Section 5. Distributor Requirements for Card-minding Device Systems. (1) Before initial use by a charitable organization, the distributor shall ascertain that the particular device and associated software version are approved by the department for use in Kentucky.

(2) If the card-minding devices are used at multiple locations, each location shall have its own separate site system.

(3) Before the complete removal of any card-minding device system, the distributor shall supply a copy of the data files to each charitable organization which used the card-minding device system and to the department.

(4) A distributor shall not display, use, or otherwise furnish a card-minding device which has in any manner been marked, defaced, tampered with, or which is otherwise intended to deceive the public or affect a person's chances of winning.

(5) Each distributor selling, leasing, or otherwise furnishing card-minding device systems shall maintain a single log or other record showing the following information:

(a) The playing location name, physical address, telephone number, and facility license number, if applicable, where the card-minding device system is located;

(b) The model number and quantity of card-minding devices at each playing location;

(c) The date the card-minding device system was installed or removed;

(d) The model, version, and serial numbers or terminal numbers of the card-minding devices and site system equipment;

(e) The name and license number of the charitable organization or distributor to whom the card-minding device system was sold, leased, or otherwise furnished;

(f) The name and license number of the manufacturer or distributor from whom the card-minding device system was purchased, leased, or otherwise obtained;

(g) Each contract, lease, or purchase agreement between a distributor of a card-minding

device and the charitable organization or other distributor to which the devices are furnished; and

(h) The total dollar amount of card-minding device sales or lease transactions regarding each charitable organization to which card-minding devices were furnished during each calendar quarter.

(6) A distributor selling, leasing, or otherwise providing a card-minding device system to a charitable organization or distributor shall provide the charitable organization or distributor with an invoice or other documentation that contains, at a minimum, the following information:

(a) The date of sale and the time period covered by the invoice;

(b) The quantity sold or leased; and

(c) The total invoice amount.

(7) The distributor shall maintain physical or electronic copies of the documentation required by this section for a period of thirty-six (36) months.

Section 6. Requirements for Charitable Organizations Using Card-minding Device Systems.

(1) Before initial use of a card-minding device system by a charitable organization, the organization shall ascertain that the particular device and associated software version have been approved by the department for use in Kentucky.

(2) A licensed charitable organization shall not display, use, or otherwise furnish a card-minding device which has in any manner been marked, defaced, tampered with, or which otherwise may deceive the public or affect a player's chances of winning.

(3) If a player's card-minding device malfunctions during a bingo game, it may be repaired or the faces transferred to another card-minding device if it will not interrupt the game.

(4) Each card-minding device shall be limited to offering for play a maximum of seventy-two (72) card faces during any one (1) game of a session.

(5) The charitable organization shall ensure that the card-minding device system does not allow a card-minding device to be used to obtain a bingo prize for any bingo game other than for a game within the bingo session for which the card-minding device was sold.

(6) The department may examine and inspect any card-minding device and site system. The department shall be granted reasonable access to the card-minding devices and unlimited inspection of all parts of the site system.

(7) The organization shall provide the player with a receipt printed on a receipt printer for each sale detailing the transaction. The receipt shall contain, at a minimum, the following information:

(a) A unique nonresettable transaction number that is printed in continuous, consecutive order;

(b) The serial number of the card-minding device issued;

(c) The date and time the receipt was issued;

(d) The name of the charitable organization and license number; and

(e) A description, quantity, purchase price, and total dollar amount of each item purchased.

(8) The organization shall void the original transaction and issue a new receipt if a player requests a partial or full refund. Additional purchases shall not require voiding of the original transaction.

(9) A voided transaction shall be treated in the manner established by this section.

(a) A voided transaction shall be processed immediately.

(b) If a voided transaction involves a card-minding device, the card-minding device shall be connected to the site system to ensure all electronic bingo cards are erased or deactivated.

(c) The player shall possess the receipt issued at the time of the purchase of the card-minding device before the purchase is voided.

- (d) The word "void" shall be clearly printed on the receipt.
- (e) The player shall write his or her name, address, telephone number, signature, and amount of refund on the back of the receipt before a partial or full refund may be issued.
- (f) All voided receipts shall be attached to the Total Sales Activity Report printed at the end of each bingo occasion and maintained with the gaming records.
- (10) If the organization loads the card-minding devices prior to selling them, all unsold card-minding devices shall be voided by the start of the second game.
- (11) If the receipt printer malfunctions or printed receipts are not legible, manual receipts shall be issued that contain the same information required by subsection (7) of this section.
- (12) If the department or any player requests verification of a winning card face played on a card-minding device, the session chairperson shall print the winning card face and post it in a conspicuous location where it may be viewed in detail. Winning card faces requested for posting shall remain posted for at least thirty (30) minutes after the completion of the last bingo game at that particular session.
- (13) The organization shall reasonably ensure that the internet connection to the site system is operational at all times.
- (14) If the organization sells card-minding devices for a discounted price, or gives them away as a promotion, the site system shall be programmed to account for the discounted item and price separately from those sold at the regular price. A generic discount key shall not be allowed.
- (15) The organization shall print a Total Sales Activity Report from the point of sale at the end of each bingo session and maintain it with the occasion records.
- (16) A manufacturer's representative or distributor's representative may be present during a bingo session only to consult, demonstrate, and train on the operation of the card-minding device system.

Section 7. Incorporation by Reference. (1) Form CG-CMD, "Total Sales Activity Report", 2/06, is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Department of Charitable Gaming, Public Protection Cabinet, 132 Brighton Park Boulevard, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. (32 Ky.R. 810; 1285; 1648; eff. 3-31-2006; 40 Ky.R. 1472; 2137; eff. 4-4-2014; 42 Ky.R. 936; 2123; eff. 2-5-2016.)